

for the year ended 31 December 2006

46. Trade and other receivables

	2006			2005		
	Current £mn	Non-current £mn	Total £mn	Current £mn	Non-current £mn	Total £mn
Prepayments and accrued income	–	–	–	0.1	–	0.1
Loans and advances to subsidiaries	41.9	–	41.9	1.7	30.6	32.3
Other debtors	33.2	–	33.2	35.8	–	35.8
Retirement benefit assets (see note 4)	–	16.8	16.8	–	8.8	8.8
Derivative contracts (see note 52)	–	–	–	0.2	–	0.2
	75.1	16.8	91.9	37.8	39.4	77.2

Detailed risk information on derivatives contracts can be found in risk management and internal control on pages 37 and 38. The weighted average interest rate receivable on loans and advances to subsidiaries is 5.2 per cent. (2005: 5.2 per cent.). The loans have no maturity. All other financial assets listed above are non-interest bearing. The carrying amount of the non-interest bearing trade and other receivables approximates to their fair value. The Company's exposure to credit risk is represented by the carrying amount of the assets.

The carrying amounts of the Company's trade and other receivables are unhedged and are denominated in sterling.

47. Cash and cash equivalents

	2006 £mn	2005 £mn
Cash at bank and in hand with external parties	4.8	0.1
Cash at bank and in hand with subsidiaries	–	0.7
	4.8	0.8

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate on cash at bank and in hand is 4.8 per cent. (2005: 3.8 per cent.). The book value of cash and cash equivalents approximates their fair value. The Company's exposure to credit risk is represented by the carrying amount of the assets. All cash at bank and in hand is held in sterling.

At 31 December 2006, the Company had no material undrawn committed borrowing facilities.

48. Financial liabilities: debt securities in issue

Details of the Company's debt securities in issue can be found in note 22.

49. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30 per cent. (2005: 30 per cent.).

The movement on the net deferred tax asset account is as shown below:

	2006 £mn	2005 £mn
At 1 January	8.8	16.2
Income statement expense	(1.6)	(8.6)
Credit taken to equity	(1.3)	1.2
At 31 December	5.9	8.8

Although the Company made tax losses in recent periods, a deferred tax asset of £5.9 million is recognised as it is expected that the Company will receive sufficient group relief in future years to benefit from these tax deductions. Controlled foreign company profits are also likely to arise in future periods.

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

49. Deferred tax (continued)

	Temporary differences on pension schemes	Tax losses carried forward	Total
(a) Deferred tax liabilities			
At 1 January 2006	(2.6)	–	(2.6)
Transfer to deferred tax assets	2.6	–	2.6
At 31 December 2006	–	–	–

	Temporary differences including bonuses	Tax losses carried forward	Total
(b) Deferred tax assets			
At 1 January 2006	9.0	2.4	11.4
Transfer from deferred tax liabilities	(2.6)	–	(2.6)
Prior year adjustments	0.1	0.2	0.3
Income statement expense	(0.5)	(1.4)	(1.9)
Credit taken to equity	(1.3)	–	(1.3)
At 31 December 2006	4.7	1.2	5.9

All of the deferred tax assets were available for offset against deferred tax liabilities and hence the net deferred tax provision at 31 December 2006 was £5.9 million (2005: £8.8 million).

50. Provisions

	2006 £mn
At 1 January 2006 and 31 December 2006	3.9

The provision is in respect of certain legal claims brought against the Company. Details of the provision are not given as the Directors feel that to do so may prejudice any ongoing action. The Company aims where possible to seek resolution of these claims by 31 December 2007.

The carrying amount of the Company's provision is denominated in US dollars, but has been hedged back into sterling through the purchase of forward foreign exchange contracts.

51. Trade and other payables

	2006			2005		
	Current £mn	Non-current £mn	Total £mn	Current £mn	Non-current £mn	Total £mn
Social security	2.1	2.5	4.6	0.1	–	0.1
Accruals and deferred income	6.9	3.6	10.5	4.3	7.4	11.7
Loans and advances from subsidiaries	319.9	–	319.9	158.2	–	158.2
Other liabilities	13.2	–	13.2	4.6	–	4.6
	342.1	6.1	348.2	167.2	7.4	174.6

Detailed information on derivatives contracts can be found in note 52. The weighted average interest rate payable on loans and advances from subsidiaries is 5.4 per cent. (2005: 5.3 per cent.). The loans have no maturity and are denominated in sterling. All other financial liabilities listed above are non-interest bearing and are denominated in sterling. The carrying amount of trade and other payables approximates their fair value.

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52. Derivative contracts

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in risk management and internal control on pages 37 and 38.

Details of open derivative contracts held by the Company at 31 December are:

	2006			2005		
	Notional amount £mn	Assets £mn	Liabilities £mn	Notional amount £mn	Assets £mn	Liabilities £mn
Forward foreign exchange contracts:	3.7	–	0.1	5.1	0.2	–

The contracts are being used to hedge provisions that are held both at Group level and within the Company. These provisions are denominated in US dollars. The carrying amounts of the Company's derivative contracts are denominated in US dollars (£0.1 million). The weighted average period to maturity of such contracts is 183 days (2005: 58 days).

53. Share capital

Details of the Company's share capital can be found in note 29 to the accounts.

54. Own shares

Employee trusts have been established for the purposes of satisfying certain share-based awards. At 31 December 2006, the employee trusts held 3,224,308 (2005: nil) ordinary shares costing £32.6 million (2005: £nil) and 6,610,454 (2005: 8,711,635) non-voting ordinary shares costing £56.9 million (2005: £65.4 million). The market values of these shares were £36.0 million (2005: £nil) and £69.1 million (2005: £78.0 million) respectively. Dividends on shares held by the employee trusts are waived.

Movements during the year were as follows:

	Own shares held	
	£mn	
At 1 January 2006	(44.0)	
Own shares purchased	(72.8)	
Own shares disposed	44.9	
At 31 December 2006	(71.9)	

	2006			2005		
	Number of shares	Cost £mn	Market value £mn	Number of shares	Cost £mn	Market value £mn
Shares funded by employing companies	1,895,828	17.6	19.8	1,896,474	21.4	17.0
Own shares	7,938,934	71.9	85.3	6,815,161	44.0	61.0
	9,834,762	89.5	105.1	8,711,635	65.4	78.0